



PROPOSED RULE MAKING
(RCW 34.05.320)

CR-102 (7/22/01)
Do NOT use for expedited
rule making

Agency:

- ☒ Preproposal Statement of Inquiry was filed as WSR 01-22-037 ; or
☐ Expedited Rule Making -- Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

- ☐ Original Notice
☒ Supplemental Notice
to WSR 02-13-022
☐ Continuance of WSR

(a) Title of rule: (Describe Subject) WAC 4-25-530 Fees

Purpose: To remove references to "permits" and "permitholders;" Set the fee for a certificateholder to convert to a licensee; Consider a fee increase for candidates of another state to take the CPA examination in Washington state; Consider fee increase for applications to take the CPA examination

Other identifying information:

(b) Statutory authority for adoption: RCW 18.04.055; .065; .105(1)(e) and (3) Statute being implemented: 18.04.055; .065; .105(1) & (3)

(c) Summary: Increases the fees to take the Uniform CPA examination; Increases the fee for proctored candidates; Replaces references to "permits" and "permitholders" with "practice privilege;" Replaces reference to CPA "certificate" to CPA "wall document," Clarifies that no fee is charged to certificateholders converting to a license

Reasons supporting proposal: See attached.

(d) Name of Agency Personnel Responsible for:	Office Location	Telephone
1. Drafting.....Dana M. McInturff, CPA	711 S Capitol Way, #400, Olympia	(360) 586-0163
2. Implementation.... Dana M. McInturff, CPA	711 S Capitol Way, #400, Olympia	(360) 586-0163
3. Enforcement..... Dana M. McInturff, CPA	711 S Capitol Way, #400, Olympia	(360) 586-0163

(e) Name of proponent (person or organization): Primarily the Washington State Board of Accountancy
CPA Examination Services - Private

- ☐ Private
☐ Public
☒ Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:
None

(g) Is rule necessary because of:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, ATTACH COPY OF TEXT
Citation:

(h) HEARING LOCATION:
Wyndham Garden Hotel - SeaTac
18118 Pacific Highway South
SeaTac, Washington

Submit written comments to:
Dana M. McInturff, CPA, Executive Director
Washington State Board of Accountancy
PO Box 9131
Olympia, WA 98507-9131
FAX (360) 664-9190 By (date) October 22, 2002

Date: October 25, 2002 Time: 9:00 a.m.

DATE OF INTENDED ADOPTION: October 25, 2002

Assistance for persons with disabilities: Contact
Cheryl Sexton by October 18, 2002

TDD (800) 833-6384 or (360) 664-9194

NAME (TYPE OR PRINT)

Dana M. McInturff, CPA

SIGNATURE

TITLE

Executive Director

DATE

9/25/02
5/30/02

CODE REVISER USE ONLY

CODE REVISER'S OFFICE STATE OF WASHINGTON FILES	
AUG 15 2002	
TITLE	951
WSR	02-17050
	PM

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:

The Board's goal is to:

- Promote clarity
- Ensure effective communication
- Ensure fairness in interpretation and application of the rules
- Promote efficiencies through minimizing gray areas

Specifically, RCW 18.04.065 directs the Board to "set its fees at a level adequate to pay the costs of administering this chapter" (that is, chapter 18.04 RCW, the Accountancy Act).

Does proposal change existing rules? ☒ YES ☐ NO

If yes, describe changes:

Increases the fee for CPA examination applications as follows:

First-time from \$264 to \$284

Reexamination, four sections from \$239 to \$259

Reexamination, two sections from \$172 to \$182

Reexamination, one section from \$149 to \$154

Increases the fee for proctored candidates from \$90 to \$110

Replaces references to "permits" and "permitholders" with "practice privilege"

Replaces reference to CPA "certificate" to CPA "wall document"

Clarifies that no fee is charged to certificateholders converting to a license

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by writing to:

telephoning: ()

faxing: ()

☒ No. Explain why no statement was prepared

The proposed rule will not have more than minor economic impact on business.

(l) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes ☒ No

Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328.

(c) Summary:

Reasons for Supporting Proposal:

The AICPA has increased the exam-grading fee by \$5.00 per section of the exam. CPA Examination Services has asked that they be allowed to pass this increase on to candidates. The fee for proctored candidates should be increased to be equitable with other exam fee increases. "Permit" language is being changed to "practice privilege" for consistency with the statute. The fee for certificateholders converting to a license was inadvertently left out of the amended rule (effective 12/01/01). Currently, Board policy establishes the fee as \$0.

AMENDATORY SECTION
effective 12/1/01)

(Amending WSR 01-22-036, filed 10/30/01,

WAC 4-25-530 Fees. The board shall charge the following fees:

- | | | |
|------|---|-----------------------------|
| (1) | CPA examination applications: | |
| (a) | First-time | \$((264))
284 |
| (b) | Reexamination, four sections ... | \$((239))
259 |
| (c) | Reexamination, two sections | \$((172))
182 |
| (d) | Reexamination, one section | \$((149))
154 |
| (e) | Administration of examination for out-of-state applicants | \$((90))
110 |
| (2) | ((Application for)) <u>Initial</u> individual license, ((permit to)) practice <u>privilege</u> , individual license through reciprocity, or registration as a resident nonlicensee firm owner | \$300 |
| (3) | Renewal of license, certificate, ((permit to)) practice <u>privilege</u> , or registration as a resident nonlicensee firm owner | \$200 |
| (4) | CPA firm license and renewal fee (sole proprietorships with no employees are exempt) | \$200 |
| (5) | Amendment to firm license | \$25 |
| (6) | Copies of records, per page exceeding fifty pages | \$0.50 |
| (7) | Printed listing of CPA exam candidates | \$75 |
| (8) | Computer diskette listing of licensees, certificateholders, ((permitholders)) <u>grants of practice privilege</u> , and registered resident nonlicensee firm owners and CPA exam candidates | \$75 |
| (9) | Applications for reinstatement of license, ((permit to)) practice <u>privilege</u> , certificate, or registration as a resident nonlicensee owner | \$450 |
| (10) | Replacement CPA ((certificates)) <u>wall document</u> | \$50 |

(11)	Quality assurance review program fee (includes monitoring reviews for up to two years)	\$400
(12)	Late fee	\$100
(13)	Dishonored check fee (including, but not limited to, insufficient funds or closed accounts)	\$35
(14)	<u>Application for certificateholder to convert to a license</u>	<u>\$0</u>

Note: The board may waive late filing fees for good cause.



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(RCW 34.05.320)

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Agency:		<input checked="" type="checkbox"/> Original Notice <input type="checkbox"/> Supplemental Notice to WSR <input type="checkbox"/> Continuance of WSR
<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR <u>02-04-063</u> ; or <input type="checkbox"/> Expedited Rule Making -- Proposed notice was filed as WSR _____; or <input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4).		
(a) Title of rule: (Describe Subject) WAC 4-25-640 Clients' confidential information. Purpose: To include firm owners in the confidentiality requirements and, while requiring CPAs maintain information as confidential, ensure a client-relationship is not established by way of pre-engagement discussions with prospective clients. Other identifying information:		
(b) Statutory authority for adoption: RCW 18.04.055(2)		Statute being implemented: RCW 18.04.055(2)
(c) Summary: Prohibits CPAs, CPA firms, CPA firm owners, and employees of CPAs or CPA firms from disclosing any confidential client information without the consent of the client; Requires CPAs, CPA firms, and CPA firm owners to return to clients original records and any working papers that constitute part of the client's records and are not otherwise available to the client Reasons supporting proposal: Engrossed Second Substitute Senate Bill 5593 that passed through the 2001 Legislative Session significantly revised the Public Accountancy Act (chapter 18.04 RCW). The Board of Accountancy needs to revise this rule to implement the revisions to chapter 18.04 RCW.		
(d) Name of Agency Personnel Responsible for:	Office Location	Telephone
1. Drafting.....Dana M. McInturff, CPA	711 S. Capitol Way, #400, Olympia	(360) 586-0163
2. Implementation.... Dana M. McInturff, CPA	711 S. Capitol Way, #400, Olympia	(360) 586-0163
3. Enforcement..... Dana M. McInturff, CPA	711 S. Capitol Way, #400, Olympia	(360) 586-0163
(e) Name of proponent (person or organization): Washington State Board of Accountancy		<input type="checkbox"/> Private <input type="checkbox"/> Public <input checked="" type="checkbox"/> Governmental
(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:		
(g) Is rule necessary because of: Federal Law? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Federal Court Decision? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No State Court Decision? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, ATTACH COPY OF TEXT Citation:		
(h) HEARING LOCATION: Wyndham Garden Hotel - SeaTac 18118 Pacific Highway South SeaTac, Washington Date: <u>October 25, 2002</u> Time: <u>9:00 a.m.</u> Assistance for persons with disabilities: Contact <u>Cheryl Sexton by October 18, 2002</u> TDD (800) <u>833-6384</u> or (360) <u>664-9194</u>		Submit written comments to: Dana M. McInturff, CPA, Executive Director Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131 FAX (360) 664-9194 By (date) <u>October 22, 2002</u> DATE OF INTENDED ADOPTION: <u>October 25, 2002</u> CODE REVISER USE ONLY <div style="border: 1px solid black; padding: 5px; text-align: center;">CODE REVISER'S OFFICE STATE OF WASHINGTON FILED AUG 15 2002 950 TTL WSR <u>02-17-049</u></div>
NAME (TYPE OR PRINT) Dana M. McInturff, CPA		<div style="border: 1px solid black; padding: 5px; text-align: center;">CODE REVISER'S OFFICE STATE OF WASHINGTON FILED AUG 15 2002 950 TTL WSR <u>02-17-049</u></div>
SIGNATURE 		
TITLE Executive Director	DATE August 8, 2002	

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:

The Board's goal is to:

- Promote clarity
- Ensure effective communication
- Ensure fairness in interpretation and application of the rules
- Promote efficiencies through minimizing gray areas

Specifically, this amendment incorporates parts of statute (RCW 18.04.390 and 405) into the Boards rules of professional conduct. The rule prohibits Washington CPAs from disclosing any confidential client information without the consent of the client; clarifies when the rule does not affect a CPA's disclosure of client information, and outlines a CPA's obligations with respect to the records of a client in a clear format. This standard of professional conduct is needed to protect the public by ensuring privacy and record accessibility.

Does proposal change existing rules? ☒ YES ☐ NO

If yes, describe changes:

- Moves the definition of client to the first paragraph and made it applicable to the entire rule.
- Adds firm owners to those required to comply with the rule.
- Changes all references to "CPA" to "licensee" making this rule applicable to licensed CPAs, CPA firms and permit holders.
- Excludes certificateholders from the provisions of this rule by using the term "licensee"
- To clarify the current requirements, changes the words "shall" to "must."

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

- ☐ Yes. Attach copy of small business economic impact statement.
A copy of the statement may be obtained by writing to:

telephoning: ()
faxing: ()

☒ No. Explain why no statement was prepared
The proposed rule will not have more than minor economic impact on business.

(l) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes ☒ No

Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328.

AMENDATORY SECTION (Amending WSR 93-22-046, filed 10/28/93, effective 11/28/93)

WAC 4-25-640 Clients' confidential information. (1) The term "client" as used throughout this section includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

(2) Confidential client communication. (~~The term "client" as used throughout this section shall include a former, current, or prospective client.~~) A licensee (~~or any partner, officer, shareholder~~), firm owner, or employee of a licensee (~~shall~~) must not without the consent of the client or the heirs, successors or personal representatives of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

This rule does not:

(a) Affect in any way a licensee's, firm owner's, or employee's obligation to comply with a (~~validly~~) lawfully issued subpoena or summons (~~enforceable by order of a court~~); (~~or~~)

(b) Prohibit disclosures in the course of a quality review of a licensee's (~~professional~~) attest services; (~~or~~)

(c) Preclude a licensee, firm owner, or employee from responding to any inquiry made by the board or any investigative or disciplinary body established by law or formally recognized by the board. However, a licensee (~~or any partner, officer, shareholder~~), firm owner, or employee of a licensee (~~shall~~) must not disclose or use to their own advantage any confidential client information that comes to their attention in carrying out their official responsibilities; or

(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of a CPA's practice.

(~~2~~) (3) Client records. (~~A licensee shall~~) Licenses and firm owners must furnish to (~~his or her~~) their client or heirs, successors or personal representatives, upon request and reasonable notice:

(a) A copy of the licensee's or firm owner's working papers, including electronic documents, to the extent that such working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client, that the licensee or firm owner removed from the client's premises or received for the client's account, including electronic documents; but the licensee or firm owner may make and retain copies of such documents of the client

when they form the basis for work done by the licensee or firm owner.

Licensees and firm owners must not refuse to return client records, including electronic documents, pending client payment of outstanding fees.